

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Orchard Post Office
Orchard, Iowa 50460

Docket No. A2012-45

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(December 22, 2011)

On October 28, 2011, the Postal Regulatory Commission (Commission) received an appeal dated October 18, 2011, from postal customer Judith A. Schimpf. The Commission received another appeal on November 3, 2011, postmarked October 19, 2011, from Philip K. Lack (collectively "Petitioners") objecting to the discontinuance of the Post Office at Orchard, Iowa. On November 9, 2011, the Commission issued Order No. 962, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 962, the administrative record was filed with the Commission on November 14, 2011. On December 2, 2011, the Petitioners filed a Form 61 in support of their petitions.

The correspondence and the Participant Statements received by the Commission raise main three issues: (1) the impact on the provision of postal services, (2) the impact upon the Orchard community, and (3) the calculation of economic savings expected to result from discontinuing the Orchard Post Office. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service's statutory obligations and

Commission precedent,¹ the Postal Service gave consideration to a number of other issues, including the impact upon postal employees. Accordingly, the determination to discontinue the Orchard Post Office should be affirmed.

Background

The Final Determination To Close the Orchard Post Office and Continue to Provide Service by Rural Route Service (“Final Determination” or “FD”)², as well as the administrative record, indicate that the Orchard Post Office provides EAS-55 level service to zero carrier delivery customers, to 30 Post Office Box customers, and to retail customers. Workload amounts to 4 minutes of retail work daily, 24 minutes per week.³ The Postmaster of the Orchard Post Office retired on January 31, 2005.⁴ The position has been vacant since that date. Since the postmaster vacancy arose, an officer-in-charge (“OIC”) was installed to operate the office. The noncareer postmaster relief (“PMR”) serving as the OIC may be separated from the Postal Service, although attempts will be made to reassign the employee to a nearby facility.⁵ The average number of daily retail window transactions at the Orchard Post Office is 5 transactions, accounting for 4 minutes of workload daily. Revenue has fluctuated, however, there

¹ See 39 U.S.C. 404(d)(2)(A).

² The Final Determination can be found at Item 47 in the Administrative Record. All citations to the Final Determination will be to “FD at X,” indicating the page number of the citation, rather than to Item 47. The FD page number refers to the pages as marked on the upper right of the document. Other items in the administrative record are referred to as “Item XX.”

³ FD at 2; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet (“Fact Sheet”), at 1; Item No. 33, Proposal to Close the Orchard, IA Post Office and Continue to Provide Service by Rural Route Service (“Proposal”), at 2.

⁴ FD at 2; Item No. 18, Fact Sheet, at 1; Item No. 33, Proposal, at 2;.

⁵ FD at 7; Item No. 21, Letter to Postal Customer from Manager, Post Office Operations (“Letter to Customer”), at 1; Item No. 33, Proposal, at 7.

has been a downward trend: \$27,586 in FY 2008 (72 revenue units); \$23,277 in FY 2009 (61 revenue units); and \$23,801 (62 revenue units) in FY 2010.⁶

Upon implementation of the Final Determination, delivery, and retail services, and rural route delivery will be provided by the Osage Post Office,⁷ an EAS-18 level office located 6 miles away, which has 92 available Post Office Boxes.⁸ This service will continue upon implementation of the Final Determination.⁹ Rural service will be provided to cluster box units (“CBUs”), free-standing units of individually locked mail compartments installed and maintained by the Postal Service at no cost to the customer. A parcel locker may also be installed for convenient parcel delivery for customers.¹⁰ An individual is also free to install his or her own rural mailbox along the carrier’s route. FD at 5; Item No. 33, Proposal at 5.

The Postal Service followed the proper procedures that led to the posting of the Final Determination. All issues raised by the customers of the Orchard Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. Questionnaires were distributed to all Post Office Box customers of the Orchard Post Office. Questionnaires

⁶ FD, at 2; Item No. 18, Post Office Fact Sheet, at 1; Item No. 33, Proposal, at 2.

⁷ The Orchard Post Office is not a candidate facility within the Retail Access Optimization Initiative (RAOI). See Docket No. N2011-1, USPS LR-N2011-1/11 Rev 1, at <http://www.prc.gov/prc-pages/library/detail.aspx?docketId=N2011-1&docketPart=Documents&docid=75971&docType=Library%20References&attrID=&attrName=>

⁸ FD at 2; Item No. 18, Post Office Fact Sheet, at 1; Item No. 33, Proposal, at 2.

⁹ FD at 1; Item No. 2; Item No. 33, Proposal, at 2.

¹⁰ FD at 6; Item No. 33, Proposal, at 6.

were also available over the counter for retail customers at the Orchard Post Office.¹¹ A letter from the Manager of Post Office Operations, Cedar Rapids, IA, was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Orchard Post Office was warranted, and that effective and regular service could be provided through rural route delivery and retail services available at the Osage Post Office. The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were receiving and the effects of a possible change involving rural route delivery.¹² Fifty-nine customers returned questionnaires, and the Postal Service responded.¹³ In addition, representatives from the Postal Service were available at the First United Church of Christ for a community meeting on March 30, 2011¹⁴ to answer questions and provide information to customers.¹⁵ Customers received formal notice of the Proposal and Final Determination through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Orchard Post Office and the Osage Post Office for 60 days beginning June 17, 2011.¹⁶ The Final Determination was posted at the same two Post Offices starting on October 3, 2011, as confirmed by the round-dated Final Determination cover sheets that appear in the administrative record as Item 47.

¹¹ FD at 2; Item No. 21, Questionnaire Instruction Letter from the Manager, Post Office Operations, at 1.

¹² Item No. 21, Letter to Customer, at 1

¹³ Item No. 22, Returned customer questionnaires and Postal Service response letters.

¹⁴ This discontinuance was conducted pursuant to Handbook PO-101, dated August 2004, and updated with Postal Bulletin revisions through August 2, 2007.

¹⁵ FD at 2; Item No. 21, Letter to Customer, at 1; Item No. 24; Community Meeting Roster; Item No. 25, Community Meeting Analysis; Item No. 33, Proposal, at 2.

¹⁶ FD at 2; Item No. 33, Proposal, at 2.

In light of the postmaster vacancy; minimal workload; low and generally decreasing office revenue;¹⁷ the variety of delivery and retail options (including the convenience of rural delivery and retail service);¹⁸ low projected population, residential, commercial, and business growth in the area;¹⁹ minimal impact upon the community; and the expected financial savings,²⁰ the Postal Service issued the Final Determination.²¹ Regular and effective postal services will continue to be provided to the Orchard community in a cost-effective manner upon implementation of the Final Determination.²²

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Orchard Post Office on postal services provided to Orchard customers. The closing is premised upon providing regular and effective postal services to Orchard customers.

The Petitioners, in their letters of appeal and Participant Statements, raise a variety of issues, including the issue of the effect on postal services of the Orchard Post Office's closing. Petitioners note the convenience of the Orchard Post Office and

¹⁷ See note 5 and accompanying text.

¹⁸ FD at 2; Item No. 33, Proposal, at 2.

¹⁹ FD at 6; Item No. 16, Community Survey Sheet; Item No. 33, Proposal, at 6; Item No. 41, Revised Proposal, at 6.

²⁰ FD at 6, 7; Item No. 18, Post Office Fact Sheet, at 1; Item No. 29, Proposal Checklist; Item No. 33, Proposal, at 6, 7; Item No. 41, Revised Proposal, at 6, 7.

²¹ FD at 6, 7.

²² FD at 2.

request its retention. Petitioners also contend that service through the Osage Post Office will not provide the maximum degree of effective postal services because (1) rural carriers can only provide minimal services and take packages up to 13 ounces; (2) CBUs are not as good or safe as Post Office Boxes; (3) customers are often unavailable (or, in the case of senior citizens or disabled customers, unable) to meet rural carriers at the CBUs; (4) seniors receive medications that require special handling and have temperature requirements; (5) customers should not have to travel and some customers, including Mennonites, cannot travel to Osage to obtain services; (6) the Postal Service is taking away the choice of having a Post Office Box; and (7) rural route service is not secure against theft or exposure to adverse weather conditions. Each of these concerns was considered by the Postal Service.

The Postal Service has considered the impact of closing the Orchard Post Office upon the provision of postal services to Orchard customers. FD at 2-6; Item No. 33, Proposal, at 2-6. Rural route delivery to CBUs installed on the carrier's line of travel provides similar access to many retail services, thereby alleviating the need to travel to the Post Office. FD at 5; Item No. 23, Customer Questionnaire Analysis, at 1-5; Item No. 33, Proposal, at 5.

As explained throughout the administrative record, carriers can perform many functions (simultaneously with the delivery of mail) that will prevent any need to go to a Post Office for most transactions. Concern was expressed that carriers were only able to accept mail up to 13 ounces. As discussed in the record, this concern is misplaced. Carriers can accept letters and packages that vary in weight and size. Letters and

packages up to 13 ounces can be accepted by the carrier, who will estimate the cost of the package and provide a receipt for any money received. Letters and packages weighing over 13 ounces can also be accepted by the carrier. FD at 3; Item No. 33, Proposal at 3. There are a variety of convenient ways to mail such packages, including leaving the unstamped package in the mailbox with enough money to cover the cost, meeting the carrier at the mailbox to pay, or prepaying the mailing fee online. FD at 3; Item No. 22, Returned Optional Comment Forms and USPS Response letters, at 62; Item No. 33, Proposal, at 3.

There are some customers who are concerned that CBUs are not equivalent to the service they receive from Post Office Boxes. However, customers will be able to obtain stamps, money orders, and special services such as certified, registered, Express Mail, delivery confirmation, signature confirmation, and COD through the rural carrier. FD at 5; Item No. 33, Proposal at 5. Contrary to Petitioner's assertions that it will be inconvenient for customers to request and receive special services from the rural carrier, customer convenience may be enhanced upon implementation of the FD because the provision of rural carrier service will alleviate the need for customers to travel to the Post Office for retail services and will provide them with 24-hour access to their mail. FD at 2-5; Item No. 33, Proposal at 2-5. Moreover, the Postal Service makes special provisions for hardship cases and special customer needs. FD at 5; Item. No. 33, Proposal at 5. On balance, the Postal Service maintains that rural carrier service will provide similar, if not better, service to the customers currently served by the Orchard community.

Carrier service is especially beneficial to many senior citizens and those who face special challenges because the carrier can provide delivery and retail services to roadside mailboxes or cluster box units. Carrier service will also benefit those customers who cannot access online services. FD at 3, 5; Item 22, Returned Optional Comment Forms and USPS Response letters, at 9, 42, 62; Item No. 33, Proposal, at 4, 5. Moreover, customers do not have to make a special trip to the Post Office for service and most transactions do not require meeting the carrier at the mailbox. FD at 5; Item 22, Returned Optional Comment Forms and USPS Response letters, at 9, 42, 62; Item No. 33, Proposal, at 5. In addition, special provisions are made, on request, for hardship cases or special customer needs, such as delivering medications and ensuring that certain packages maintain the appropriate temperature. FD at 5; Item No. 33, Proposal, at 5.

Additionally, the Postal Service explained that it offers several convenient options that can save customers a trip to the Post Office and having to interact with a carrier for most postal transactions. FD at 5; Item No. 33, Proposal, at 5. Stamps by Mail and Money Order Application forms are available for customer convenience. Both of these options are available regardless of a customer's ability to travel or access internet or cellular service. FD, at 5; Item No. 33, Proposal, at 5. Special provisions can also be made for customers with special needs, such as Mennonites, who many not be able to travel for postal services. Customers can conduct their postal business with the carrier or can request special provisions, such as home delivery, in the event of a documented

hardship. FD at 5; Item 22, Returned Optional Comment Forms and USPS Response letters, at 7; Item No. 33, Proposal, at 5.

As explained throughout the administrative record, should a customer wish to avail him or herself of window service, the Osage Post Office is located 6 miles away from the current location of the Orchard Post Office. Some concern was raised by Petitioners about the removal of particular postal choices, such as having a Post Office Box. Moving to carrier service does not eliminate any of the options for postal customers. Orchard customers may still obtain a Post Office Box from the Osage Post Office. The difference is that Orchard customers will have to pay a fee for a Post Office Box, where some customers did not have to previously pay. All Postal Service customers are entitled to one form of free delivery. Those living within $\frac{1}{4}$ a mile from a Post Office, who are not a carrier's current route, receive a no fee Post Office Box. Others receive carrier delivery as their free form of delivery. If the Orchard Post Office is discontinued, those residents with no cost Post Office Boxes will no longer be eligible for those Post Office Boxes since their free form of delivery will be carrier service. CBUs for this carrier service will be installed and maintained by the Postal Service. However, those customers who still prefer having a Post Office Box are free to obtain one for a fee at the Osage Post Office. FD at 3, 5; Item No. 33, Proposal, at 3.

The Postal Service also addressed customer concerns about heightened potential for theft and damage to mail from inclement weather conditions when switching to carrier delivery. FD at 3, 4, 6.; Item No. 22, Returned customer questionnaires and Postal Service response letters at 7, 42, 50, 53, 56, 62; Item No. 23,

Customer Questionnaire Analysis, at 3, 4; Item No. 33, Proposal, at 3, 4, 6. The Postal Service explained that it can provide rural route services to CBUs – secure, free-standing units of individually locked mail compartments installed and maintained by the Postal Service with Postal Service-provided locks – rather than to regular rural boxes. In addition, customers may place locks on rural boxes and instruct carriers to provide warning when conducting financial transactions. FD at 4.; Item No. 22, Returned customer questionnaires and Postal Service response letters, at 7, 42, 53, 56, 62; Item No. 23, Customer Questionnaire Analysis, at 4; Item No. 33, Proposal, at 4. This would address customers' safety concerns. The CBUs, parcel lockers (which are offered in conjunction with CBUs), and individual locks on rural boxes should resolve the security concerns that customers raised.

Petitioners also express concern about obstruction of mailboxes in the wintertime and the potentially hazardous conditions for people trying to access the mailboxes due to accumulation of snow. While not directly addressed in the record, the Postal Service notes that safety of customer access is routinely considered in connection with CBU placement. Specifically, Postal Operations Manual § 631.441 provides that: "CBUs may be approved for use at one or more central delivery points in a residential housing community. The local postal manager must approve the mailbox sites and type of equipment. Boxes must be safely located so that customers are not required to travel an unreasonable distance to obtain their mail." Moreover, the effects from inclement weather conditions are borne not only by those with carrier delivery, but are factors to be considered for Post Office Box customers as well. Post Office Box customers must

traverse the parking lots and sidewalks to obtain mail. The Postal Service makes every effort to provide a safe environment regardless of the type of delivery. FD at 3, 6; Item No. 22, Returned customer questionnaires and Postal Service response letters, at 50, 56; Item No. 23, Customer Questionnaire Analysis, at 3; Item No. 33, Proposal, at 3, 6.

Upon the implementation of the Final Determination, delivery and retail services will be provided by rural route delivery to CBUs or rural boxes. In addition to rural delivery, which is the recommended alternate service, customers may also receive postal services at the Osage Post Office, which is located only 6 miles away. The window service hours of the Osage Post Office are from 08:30 to 16:30, Monday through Friday and 09:00 to 12:00 on Saturday. FD, at 2; Item No. 33, Proposal, at 2. Furthermore, the special attention and assistance provided by the personnel at the Orchard Post Office will be provided by personnel at the Osage Post Office and from the carrier. FD at 3; Item No. 33, Proposal, at 3. Thus, the Postal Service has properly concluded that all the Orchard customers will continue to receive regular and effective service via rural route delivery to either CBUs installed on the carrier's line of travel or rural boxes.

Thus, the Postal Service has considered the impact of closing the Orchard Post Office upon the provision of postal services to customers.

Effect Upon the Orchard Community

The Postal Service is obligated to consider the effect of its decision to close the Orchard Post Office upon the Orchard community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute

recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Orchard is an incorporated rural community located in Mitchell County. The community is administered politically by the Mayor and City Council. Police protection is provided by the Mitchell County Sheriff. Fire protection is provided by the Osage Fire Department. FD at 7; Item No. 16, Community Survey Fact Sheet; Item No. 33, Proposal at 7. The questionnaires completed by Orchard customers indicate that, in general, the retirees, commuters, and others who reside in Orchard must travel elsewhere for other supplies and services. See generally FD at 7; tem No. 33, Proposal at 7; Item No. 22, Returned customer questionnaires and Postal Service response letters.

Petitioners' appeal raises the issue of the effect of closing the Orchard Office upon the Orchard community. More specifically, Petitioners contend that the Orchard Post Office, which has had a continuous presence in the town, plays an important role in the community by providing a place for a public bulletin board and community gatherings, a source of exercise, since people will walk to the Post Office, and by offering postal and nonpostal services to senior citizens and people with special needs. These issues were extensively considered by the Postal Service, as reflected in the administrative record. FD, at 7; Item No. 22, Returned customer questionnaires and Postal Service response letters at 47, 53, 56; Item No. 23, Customer Questionnaire Analysis; Item No. 25, Community Meeting Analysis; tem No. 33, Proposal at 7; Item 38,

Proposal comments and Postal Service response letters; and Item 40, Analysis of Comments.

The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. The record makes clear that the Postal Service is addressing this concern through preservation of community identity by continuing the use of the Orchard name and ZIP Code in addresses. FD at 7; Item No. 22, Returned customer questionnaires and Postal Service response letters at 47, 53, 56; Item No. 23, Customer Questionnaire Analysis; Item No. 25, Community Meeting Analysis; tem No. 33, Proposal at 7; Item 38, Proposal comments and Postal Service response letters; and Item 40, Analysis of comments.

Communities generally require regular and effective postal services and these will continue to be provided to the Orchard community. While the Postal Service understands the important position it holds in local communities, as a local meeting place in addition to providing regular and effective postal services, the Postal Service is confident that the closing of the Orchard Post Office will not adversely affect the Orchard community. Customers will still receive regular and effective postal services through rural route delivery. Moreover, customers will still be able to meet at local churches and local residences and may walk to these meeting locations if they are so inclined and need the exercise. The First United Congregational Church of Christ served as a meeting place for residences when discussing the Orchard Post Office closing and it can be used in the future for other community gatherings. FD at 2; Item No. 33, Proposal at 2. The Orchard community also possesses a City Hall and a

Veterans of Foreign Wars (VFW) – American Legion Lodge where community members may also hold meetings and community gatherings. Item 7, Orchard Post Office and Community Photographs at 1, 2.

Petitioners also allege that in addition to losing a meeting place, the loss of the Orchard Post Office will have a negative impact on businesses. The effect on local businesses should also be negligible. As the record reflects, the businesses in the area include Mehmen Lawn Care, Halbach Construction, Still Water Green House, Floyd-Mitchell-Chickasaw Solid Waste Management and Cedar River Taxidermy. These businesses will still receive reliable mail service and there are no allegations that these businesses have plans to leave the community or will otherwise be adversely affected. Any potential effect on businesses that may come to the community is purely speculative. FD at 7; Item No. 33, Proposal, at 7.

Petitioners also contend that the Postal Service is stripping rural America of its Post Offices and that there is a disparate impact on rural America and on the Orchard community. The record explains, however, that Post Offices are reviewed on a case-by-case basis. FD at 2, 6, 7; Item No. 33, Proposal, at 2, 6, 7. When there is a vacancy in a small office, it is customary to conduct a study of the business activity and investigate the feasibility of providing service by alternative means. FD at 2, 6, 7; Item No. 33, Proposal, at 2, 6, 7. This analysis is not limited to Post Offices. Retail units in urban areas are also considered for closure. In fact, the Postal Service is in the process of reviewing numerous urban facilities for discontinuance. See Docket No. N2011-1. In this case, it was determined that the Postal Service could continue to provide a

maximum degree of effective and regular postal services to the community while realizing an estimated cost savings of \$27,894 annually after discontinuation of the Orchard Post Office. FD at 7, 8; Item No. 33, Proposal, at 9.

Additionally, as already explained above in response to Petitioners' concerns about whether effective service will be provided to senior citizens and those needing additional assistance, the Postal Service considered the impact of the closing of the Post Office on those individuals. The Postal Service explained that services provided at the Orchard Post Office will be available from the carrier. Carrier service is beneficial to many senior citizens and others because the carrier can provide delivery and retail service to roadside mailboxes or cluster box units. Customers do not have to make a special trip to the post office for service. Most transactions do not require meeting the carrier at the mailbox. Special provisions are made, on request, for hardship cases or special customer needs. Stamps by Mail and Money Order Application forms are available for customer convenience. FD, at 5; Item No. 22, Returned customer questionnaires and Postal Service response letters at 159; Item No. 23, Customer Questionnaire Analysis; Item No. 25, Community Meeting Analysis; Item No. 33, Proposal at 5; Item 38, Proposal comments and Postal Service response letters; and Item 40, Analysis of comments.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Orchard Post Office on the community served by the Orchard Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route carrier service would cost the Postal Service substantially less than maintaining the Orchard Post Office and would still provide regular and effective service. Item No. 21, Letter to Postal Customer, at 1. The amount of estimated annual savings associated with discontinuing the Orchard Post Office is \$27,894. FD at 7; Item No. 33, Proposal, at 9. Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record and consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD at 7; Item No. 33, Proposal, at 9.

Petitioners criticize the Postal Service and dispute the actual savings achieved by closing the Post Office, claiming that carrier service is in fact more expensive than operating the Orchard Post Office. The Petitioners note that the Postal Service is already saving money by operating with an OIC rather than a Postmaster for so many years. However, the economic savings calculation conducted as a part of a discontinuance study is forward-looking; that the Postal Service may have paid less in salary and benefits over the past years does not mean that it could count on those savings annually in the future. If the Orchard Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a

postmaster.

Petitioners also criticize the Postal Service for failing to account for additional costs that will be needed to pick up and deliver mail throughout the community. Notwithstanding Petitioners' complaint, the Postal Service applied its standard financial analysis which accounts for the following cost drivers: the number of additional boxes to be added to the contract or rural route; the additional volume that may be expected per additional box; the number of additional miles to be added to the route; and the total additional annual hours that will be required to service the route. See Item No. 17, Rural Route Carrier Estimated Cost for Alternative Replacement Service. The Postal Service's approach is both defensible and reasonable; moreover, it is efficient while adding comparability across discontinuance studies. The administrative record has been corrected to account for the estimated cost of adding CBUs to route. See Item No. 17 at 2. A subtraction of this estimated cost from the economic savings calculation that appears in the Final Determination reflects that the Postal Service will still achieve substantial economic savings from the discontinuance of the Glenwood Post Office. See FD at 7,8; Item No. 33, Proposal at 7, 8.²³

Carrier service is already provided to a great number of homes, so this cost is based on the increased volume that the Orchard community would represent. These costs have been subtracted from the total annual costs of maintaining the Orchard Post Office, still leaving the Postal Service with an annual savings of \$27,894. FD at 7, 8;

²³ Although it was not initially noted, the record has been updated to reflect that the cost of adding CBUs to the route will involve a one time investment of \$4304.39. Despite the fact that it was not in the initial calculation, it does not change the overall analysis and the savings to the Postal Service remain substantial. See Item No. 17 at 2.

Item 33, Proposal at 9.

Petitioners also state that the savings resulting from discontinuance are small. While this amount may seem insignificant to Petitioners, it is significant to the overall cost reduction focus of the Postal Service. The Postal Service is looking at all opportunities to operate efficiently and provide effective and regular service. While the savings from any given initiative may seem small, these savings can make a difference when added together with other initiatives.

The Petitioners' letter of appeal also suggests that the Postal Service consider other strategies rather than closing rural offices with small budgets. The Postal Service has broad experience with and has considered other options, but must recognize its obligation to maintain postal facilities in conformity with reasonable economies of postal operations while maintaining ready access to essential postal services. In this case, the Postal Service has determined that carrier service, coupled with service at the Osage Post Office, is a reasonable solution that will yield economic savings. In so doing, the Postal Service is not required to evaluate and reject alternative proposals. In this case, the Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations.

The Postal Service determined that rural carrier service is more cost-effective than maintaining the Orchard postal facility and postmaster position. FD at 2. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent

with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster retired on January 21, 2005. A noncareer employee was installed as the temporary officer-in-charge (OIC). The noncareer PMR serving as the OIC may be separated from the Postal Service, although attempts will be made to reassign the employee to a nearby facility. The record shows that no other employee would be affected by this closing. FD at 2; Item No. 18, Post Office Survey Sheet, at 1; Item No. 33, Proposal, at 2. Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Orchard Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the Orchard Post Office on the provision of postal services and on the Orchard community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to

provide effective and regular service to Orchard customers. FD at 2. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Orchard Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Orchard Post Office be affirmed.

Respectfully submitted,

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